Economics

Standard 1: Scarcity and Economic Reasoning

Students understand that productive resources are limited; therefore, people, institutions, and governments cannot have all the goods and services they want. As a result, people, institutions, and governments must choose some things and give up others.

IAS	Content Connector
E.1.2: Explain that entrepreneurs combine productive resources to produce goods and services with the goal of making a profit.	**E.1.2.a.1:** Explain that entrepreneurs combine productive resources to produce goods and services with the goal of making a profit.
E.1.3: Identify incentives and explain how they influence decisions.	**E.1.3.a.1:** Identify incentives and explain how they influence decisions.
E.1.4: Explain that voluntary exchange occurs when households, businesses, and governments expect to gain.	**E.1.4.a.1:** Explain that voluntary exchange occurs when households, businesses, and governments expect to gain.
E.1.5: Define scarcity and explain how choices incur opportunity costs and tradeoffs.	**E.1.5a.1:** Define scarcity and explain how choices incur opportunity costs and tradeoffs.
E.1.6: Use a production possibilities curve to explain the concepts of choice, scarcity, opportunity cost, tradeoffs, unemployment, productivity, and growth.	
E.1.7: Describe and compare the various economic systems (traditional, market, command, mixed); explain their strengths and weaknesses.	
E.1.8: Describe how clearly defined and enforced property rights are essential to a market economy.	
E.1.9: Diagram and explain the circular flow model of a market economy.	**E.1.9.a.1:** Diagram and explain the circular flow model of a market economy.

Standard 2: Supply and Demand

Students understand the role that supply and demand, prices, and profits play in determining production and distribution in a market economy.

IAS	Content Connector
E.2.1: Define supply and demand and explain the causes of the Law of Supply and the Law of Demand.	**E.2.1.a.**1: Define supply and demand and explain the causes of the Law of Supply and the Law of Demand.
E.2.2: Recognize that consumers ultimately determine what is produced in a market economy.	**E.2.2.a.1:** Recognize that consumers ultimately determine what is produced in a market economy.
E.2.3: Illustrate how supply and demand determine equilibrium price and quantity.	**E.2.3.a.1:** Illustrate how supply and demand determine equilibrium price and quantity.
E.2.4: Identify factors that cause changes in market supply and demand and how these changes affect price and quantity in a competitive market.	**E.2.4.a.1:** Identify factors that cause changes in market supply and demand and how these changes affect price and quantity in a competitive market.
E.2.5: Describe how elasticity (price) sends signals to buyers and sellers.	**E.2.5.a.1:** Describe how elasticity (price) sends signals to buyers and sellers.
E.2.6: Demonstrate how government wage and price controls, such as rent controls and minimum wage laws, create shortages and surpluses.	**E.2.6.a.1:** Demonstrate how government wage and price controls, such as rent controls and minimum wage laws, create shortages and surpluses.
E.2.7: Describe how the earnings of workers are determined by the market value of the product produced and workers' productivity, as well as other factors.	**E.2.7.a.1:** Describe how the earnings of workers are determined by the market value of the product produced and workers' productivity, as well as other factors.

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IAS	Content Connector
E.2.8: Illustrate how physical and human capital investment raise productivity and future standards of living.	**E.2.8.a.1:** Illustrate how physical and human capital investment raise productivity and future standards of living.

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Standard 3: Market Structures

Students understand the role of business firms and analyze the various types of market structures in the United States economy.

IAS	Content Connector
E.3.1: Identify the ways that firms raise financial capital and explain the advantages and disadvantages of each.	
E.3.2: Demonstrate how firms determine optimum levels of output by comparing marginal cost and marginal revenue.	
E.3.3: Compare and contrast the basic characteristics of the four market structures: monopoly, oligopoly, monopolistic competition, and pure competition; explain how various amounts of competition affect price and quantity.	
E.3.4: Recognize the benefits of natural monopolies (economies of scale) and explain the purposes of government regulation of these monopolies.	

Standard 4 : The Role of Government

Students understand that typical microeconomic roles of government in a market or mixed economy are the provision of public goods and services, redistribution of income, protection of property rights, and resolution of market failures.

IAS	Content Connector
E.4.1: Explain the roles of government in a market economy.	**E.4.1.a.1:** Define Market Economy
E.4.2 Explain how markets underproduce public goods and explain why the government has an interest in producing these public goods.	**E.4.2.a.1:** Explain how markets underproduce public goods and explain why the government has an interest in producing these public goods.
E.4.3: Describe how the government taxes negative externalities (spillovers) and subsidizes positive externalities (spillovers) to resolve the inefficiencies they cause.	
E.4.4: Describe major revenue and expenditure categories and their respective proportions of state and federal budgets.	
E.4.5: Define progressive, proportional, and regressive taxation and determine whether different types of taxes (including income, sales, and Social Security) are progressive, proportional, or regressive.	
E.4.6: Explain how costs of government policies may exceed benefits because social or political goals (rather than economic efficiency) are being pursued.	
E.4.7: Define the national debt, explain the effects of the debt on the economy, and explain how to achieve a balanced budget.	**E.4.7.a.1:** Define types of taxes (including income, sales, and Social Security)

Standard 5: National Economic Performance

Students understand the means by which economic performance is measured and the causes and effects of business cycles in a market economy.

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IAS	Content Connector
E.5.1: Explain measures of a country's economic performance such as gross domestic product (GDP), unemployment, and inflation.	
E.5.2: Recognize that a country's overall level of income, employment, and prices is determined by rational spending and production decisions of households, firms, and government.	
E.5.3: Explain the limitations of using GDP to measure economic welfare.	
E.5.4: Identify the different causes of inflation (including cost-push and demand-pull) and explain the impact of inflation on economic decisions.	
E.5.5: Explain and illustrate the impact of changes in aggregate supply and aggregate demand.	
E.5.6: Explain the causes and effects of business cycles in a market economy.	
E.5.7: Explain the different types of unemployment.	**E.5.7.a.1:** Explain the different types of unemployment.
E.5.8: Describe the impact of unemployment and unexpected inflation on an economy and how individuals and organizations try to protect themselves.	**E.5.8.a.1:** Describe the impact of unemployment and unexpected inflation on an economy and how individuals and organizations try to protect themselves.

Standard 6: Money and the Role of Financial Institutions

Students understand the role of money and financial institutions in a market economy.

IAS	**Content Connector**
E.6.1: Explain the basic functions of money.	**E.6.1.a.1:** Explain the basic functions of money.
E.6.2: Identify the composition of the money supply of the United States.	**E.6.2.a.1:** Identify the composition of the money supply of the United States.
E.6.3: Explain the roles of financial institutions.	**E.6.3.a.1:** Explain the roles of financial institutions.
E.6.4: Demonstrate how banks create money through the principle of fractional reserve banking.	**E.6.4.a.1:** Demonstrate how banks create money through the principle of fractional reserve banking.
E.6.5: Describe the structure and functions of the Federal Reserve System.	**E.6.5.a.1:** Describe the structure and functions of the Federal Reserve System.
E.6.6: Explain how interest rates act as an incentive for savers and borrowers.	**E.6.6.a.1:** Explain how interest rates act as an incentive for savers and borrowers.
E.6.7: Compare and contrast different types of financial investments.	**E.6.7.a.1:** Compare and contrast different types of financial investments.
E.6.8: Demonstrate how supply and demand determine equilibrium price and quantity in the financial markets.	**E.6.8.a.1:** Demonstrate how supply and demand determine equilibrium price and quantity in the financial markets.

Standard 7: Economic Stabilization

Students understand the macroeconomic role of the government in developing and implementing economic stabilization policies and how these policies impact the macroeconomy.

IAS	**Content Connector**

Economics

E.7.1: Define and explain fiscal and monetary policy.	
E.7.2: Explain the tools of fiscal and monetary policy.	
E.7.3: Analyze how the government uses fiscal policy to promote price stability, full employment, and economic growth.	
E.7.4: Explain how the use of fiscal policy affects budget deficits or surpluses and the national debt.	
E.7.5: Analyze how the Federal Reserve uses monetary policy to promote price stability, full employment, and economic growth.	
E.7.6: Compare and contrast the major macroeconomic theories.	

Standard 8: Trade

Students understand why households, businesses, and governments trade goods and services and how trade affects the economies of the world.

IAS	Content Connector
E.8.1: Explain that most trade occurs because producers have a comparative advantage (rather than an absolute advantage) in the production of a good or service.	**E.8.1.a.1:** Explain that most trade occurs because producers have a comparative advantage (rather than an absolute advantage) in the production of a good or service.
E.8.2: Explain the benefits of trade among households and countries.	**E.8.2.a.1:** Explain the benefits of trade among households and countries.
E.8.3: Explain the difference between balance of trade and balance of payments.	**E.8.3.a.1:** Explain the difference between balance of trade and balance of payments.
E.8.4: Define and explain the impact of trade barriers, such as quotas and tariffs, and analyze why countries erect them.	
E.8.5: Evaluate the arguments for and against free trade.	**E.8.5.a.1:** Define free trade.
	E.8.5.a.2: Tell arguments for and against free trade.
E.8.6: Explain how changes in exchange rates affects the value of imports and exports.	**E.8.6.a.1: Define** import, export
	E.8.6.a.2: Tell how import and export exchange rate